

4221(a)(5) and this section, to a non-profit educational organization for its exclusive use. See paragraph (b) of this section for the meaning of the term "nonprofit educational organization". An article may be sold tax free by the manufacturer under this paragraph only in those cases where the sale of an article by the manufacturer is made directly to a nonprofit educational organization for its exclusive use. Accordingly, no sale may be made tax free to a dealer for resale to a nonprofit educational organization for its exclusive use even though it is known at the time of sale by the manufacturer that the article will be so resold. See section 6416(b)(2)(D), and paragraph (b)(4) of § 48.6416(b)-2, for the circumstances under which credit or refund of tax is available where tax-paid articles are sold for the exclusive use of a nonprofit educational organization.

(b) *Nonprofit educational organization.* The term "nonprofit educational organization" means an organization described in section 170(b)(1)(A)(ii) that is exempt from income tax under section 501(a). Section 170(b)(1)(A)(ii) describes an "educational organization" as one that normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on. The term also includes a school operated as an activity of an organization described in section 501(c)(3) which is exempt from income tax under section 501(a), provided the primary function of such school is the presentation of formal instruction and provided such school normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on.

(c) *Evidence required in support of tax-free sales to nonprofit educational organizations.* Every nonprofit educational organization purchasing tax free under section 4221(a)(5) must furnish the following information to the seller:

(1) The exempt purpose for which the article or articles are being purchased, and

(2) Its registration number, and the district director's office that issued the registration number.

Such information must be in writing and may be noted on the purchase order or other document furnished by the purchaser to the seller in connection with each sale "except that a single notification containing the information described in this paragraph may cover all sales by the seller to the purchaser made during a designated period not to exceed 12 successive calendar quarters." See paragraph (c) of § 48.4221-1 for the evidence required to establish exemption.

[T.D. 7536, 43 FR 13522, Mar. 31, 1978, as amended by T.D. 7686, 45 FR 17574, Mar. 19, 1980; T.D. 8036, 50 FR 29963, July 23, 1985]

#### § 48.4221-7 Tax-free sales of tires and tubes.

(a) *In general.* A manufacturer of tires or inner tubes that are taxable under section 4071 may sell such articles tax free if the sale meets the conditions prescribed in section 4221(e)(2) and paragraph (a) (1) and (2) of this section. The following are conditions under which articles taxable under section 4071 may be sold tax free:

(1) The tire or tube is sold for use by the purchaser for sale on or in connection with the sale of another article manufactured or produced by the purchaser; and

(2) The other article is to be sold in a tax-free sale by the purchaser for export, for use as supplies for vessels or aircraft, to a State or local government for its exclusive use, or to a nonprofit educational organization for its exclusive use, or the other article is to be sold by the purchaser for any of such purposes in a sale which would be tax-free but for the fact that the other article is not subject to tax under Chapter 32 of the Code.

See section 6416(b)(2)(F) and paragraph (b)(6) of § 48.6416(b)-2 for the circumstances under which credit or refund of tax is available for tax-paid tires or tubes that are resold for the purposes described in this paragraph (a).

(b) *Registration requirements.* In order to effect a tax-free sale under section 4221(e)(2)(A), both the manufacturer and purchaser (except for purchasers

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who are exempt from the registration requirement under § 48.4222(b)-1) must be registered with the District Director of Internal Revenue as required in § 48.4222(a)-1. At the time of sale, the registration number assigned to the purchaser by the district director together with the purpose for which the article was purchased must be shown on (or attached to) the invoice, purchase order, or other document used for the sale.

(c) *Proof required in support of tax-free sales of tires and tubes*—(1) *Cessation of exemption.* The exemption allowed under section 4221(e)(2)(A) and this section on the sale of a tire or inner tube shall cease to apply unless, within the 6-month period which begins on the date of the tax-free sale by the manufacturer of such article (or, if earlier, on the date of shipment by such manufacturer), the manufacturer receives proof from the purchaser that such article has been used on or in connection with the sale of another article which has been sold for one of the tax-exempt purposes referred to in paragraph (a)(2) of this section. If the manufacturer has not received the required information within such 6-month period, the temporary suspension of the liability for the payment of the tax ceases, and the manufacturer shall include the tax on the sale of the tire or inner tube in his return for the period in which the 6-month period expires. If the required information is received after the expiration of the 6-month period, the manufacturer may file a claim for credit or refund of tax so paid on his sale of the tire or inner tube.

(2) *Required information.* The information which the manufacturer must receive within the 6-month period, referred to in paragraph (c)(1) of this section, shall be in substantially the following form:

STATEMENT OF MANUFACTURER'S VENDEE

(To support tax-free sales of tires or inner tubes by the manufacturer thereof for use on or in connection with the sale of another article (section 4221(e)(2) of the Internal Revenue Code))

(Date) \_\_\_\_\_, 19\_\_\_\_.

I certify that I, or the \_\_\_\_\_,  
(Name of purchaser if other than under-  
signed) of which I am \_\_\_\_\_  
(Title) am/is in the business of selling

\_\_\_\_\_ (Products handled) and  
hold(s) certificate of registry No. \_\_\_\_\_ issued  
by the District Director of Internal Revenue  
at \_\_\_\_\_; and that the tires or  
inner tubes which were purchased or shipped  
on \_\_\_\_\_, 19\_\_\_\_, as specified on the  
back hereof, have been used on or in connec-  
tion with the sale of \_\_\_\_\_ (Prod-  
ucts sold) by such undersigned.

*Check one*

\_\_\_\_\_ for export by \_\_\_\_\_ (Name of  
carrier) to \_\_\_\_\_ (Name of for-  
eign country or U.S. possession) and was so  
exported on \_\_\_\_\_, 19\_\_\_\_ (Date). (A  
copy of the bill of lading or other proof of  
exportation is attached.)

\_\_\_\_\_ for use as supplies on \_\_\_\_\_  
(Name of vessel or aircraft) which is reg-  
istered in \_\_\_\_\_ (Name of coun-  
try in which vessel or aircraft is reg-  
istered).

\_\_\_\_\_ to \_\_\_\_\_ (Name of State or  
local government).

\_\_\_\_\_ to \_\_\_\_\_ (Name and address  
of the nonprofit educational organization).

I understand that the fraudulent use of  
this certificate for the purpose of substan-  
tiating the tax-free sale will subject me and  
all parties making such fraudulent use of  
this certificate to revocation of the privilege  
of purchasing articles tax free and to a fine  
of not more than \$10,000 or to imprisonment  
for not more than 5 years, or both, together  
with costs of prosecution.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Address)

**§ 48.4221-8 Tax-free sales of tires, tubes, and tread rubber used on intercity, local, and school buses.**

(a) *In general.* Under section 4221(e)(5), the taxes imposed by section 4071(a)(1), (3) and (4) shall not apply to sales by a manufacturer, producer, or importer of tires of the type used on highway vehicles or inner tubes for tires sold for use by the purchaser on or in connection with a qualified bus, or to the sales by a manufacturer, producer, or importer of tread rubber sold for use by the purchaser in the recapping or retreading of any tire to be used by the purchaser on or in connection with a qualified bus if the requirements of this section are met.

(b) *Meaning of terms*—(1) *Qualified bus.* "Qualified bus" means an intercity, local, or school bus.